

(Added Pub. L. 113–281, title II, §214(a), Dec. 18, 2014, 128 Stat. 3032.)

§ 555. Parent partnerships with child development centers

(a) PARENT BOARDS.—

(1) FORMATION.—The Commandant shall require that there be formed at each Coast Guard child development center a board of parents, to be composed of parents of children attending the center.

(2) FUNCTIONS.—Each board of parents formed under paragraph (1) shall—

(A) meet periodically with the staff of the center at which the board is formed and the commander of the unit served by the center, for the purpose of discussing problems and concerns; and

(B) be responsible, together with the staff of the center, for coordinating any parent participation initiative established under subsection (b).

(3) FACA.—The Federal Advisory Committee Act (5 U.S.C. App.) does not apply to a board of parents formed under paragraph (1).

(b) PARENT PARTICIPATION INITIATIVE.—The Commandant is authorized to establish a parent participation initiative at each Coast Guard child development center to encourage and facilitate parent participation in educational and related activities at the center.

(Added Pub. L. 113–281, title II, §214(a), Dec. 18, 2014, 128 Stat. 3032.)

REFERENCES IN TEXT

The Federal Advisory Committee Act, referred to in subsec. (a)(3), is Pub. L. 92–463, Oct. 6, 1972, 86 Stat. 770, which is set out in the Appendix to Title 5, Government Organization and Employees.

CHAPTER 15—ACQUISITIONS

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A prior chapter 15 of this title, consisting of sections 561 to 576 and relating to Coast Guard discipline, was repealed by act May 5, 1950, ch. 169, §14(v), 64 Stat. 148.

AMENDMENTS

2014—Pub. L. 113–281, title II, §215(b), Dec. 18, 2014, 128 Stat. 3035, substituted “Mission need statement” for “Report on former Coast Guard officials employed by contractors to the agency” in item 569.

2012—Pub. L. 112–213, title II, §§210(b), 211(b), Dec. 20, 2012, 126 Stat. 1551, 1552, added items 569a and 577.

SUBCHAPTER I—GENERAL PROVISIONS

§ 561. Acquisition directorate

(a) ESTABLISHMENT.—The Commandant of the Coast Guard shall establish an acquisition directorate to provide guidance and oversight for the implementation and management of all Coast Guard acquisition processes, programs, and projects.

(b) MISSION.—The mission of the acquisition directorate is—

(1) to acquire and deliver assets and systems that increase operational readiness, enhance mission performance, and create a safe working environment; and

(2) to assist in the development of a workforce that is trained and qualified to further the Coast Guard’s missions and deliver the best-value products and services to the Nation.

(Added Pub. L. 111–281, title IV, §402(a), Oct. 15, 2010, 124 Stat. 2931.)

PRIOR PROVISIONS

A prior section 561, act Aug. 4, 1949, ch. 393, 63 Stat. 538, related to limitations on punishment by commanding officer, prior to repeal by act May 5, 1950, ch. 169, §§5, 14(v), 64 Stat. 145, 148, effective May 31, 1951.

§ 562. Improvements in Coast Guard acquisition management

(a) PROJECT OR PROGRAM MANAGERS.—

(1) LEVEL 1 PROJECTS.—An individual may not be assigned as the project or program manager for a Level 1 acquisition unless the individual holds a Level III acquisition certification as a program manager.

(2) LEVEL 2 PROJECTS.—An individual may not be assigned as the project or program manager for a Level 2 acquisition unless the individual holds a Level II acquisition certification as a program manager.

(b) GUIDANCE ON TENURE AND ACCOUNTABILITY OF PROGRAM AND PROJECT MANAGERS.—

(1) ISSUANCE OF GUIDANCE.—Not later than one year after the date of enactment of the Coast Guard Authorization Act of 2010, the Commandant shall issue guidance to address the qualifications, resources, responsibilities, tenure, and accountability of program and project managers for the management of acquisition projects and programs. The guidance shall address, at a minimum—

(A) the qualifications required for project or program managers, including the number of years of acquisition experience and the professional training levels to be required of those appointed to project or program management positions;

¹ So in original. “Sec.” probably should not appear.

(B) authorities available to project or program managers, including, to the extent appropriate, the authority to object to the addition of new program requirements that would be inconsistent with the parameters established for an acquisition program; and

(C) the extent to which a project or program manager who initiates a new acquisition project or program will continue in management of that project or program without interruption until the delivery of the first production units of the program.

(2) STRATEGY.—

(A) IN GENERAL.—Not later than 18 months after the date of enactment of this section, the Commandant shall develop a comprehensive strategy for enhancing the role of Coast Guard project or program managers in developing and carrying out acquisition programs.

(B) MATTERS TO BE ADDRESSED.—The strategy required by this section shall address, at a minimum—

(i) the creation of a specific career path and career opportunities for individuals who are or may become project or program managers, including the rotational assignments that will be provided to project or program managers;

(ii) the provision of enhanced training and educational opportunities for individuals who are or may become project or program managers;

(iii) the provision of mentoring support to current and future project or program managers by experienced senior executives and program managers within the Coast Guard, and through rotational assignments to the Department of Defense;

(iv) the methods by which the Coast Guard will collect and disseminate best practices and lessons learned on systems acquisition to enhance project and program management throughout the Coast Guard;

(v) the templates and tools that will be used to support improved data gathering and analysis for project and program management and oversight purposes, including the metrics that will be utilized to assess the effectiveness of Coast Guard project or program managers in managing systems acquisition efforts; and

(vi) the methods by which the accountability of project or program managers for the results of acquisition projects and programs will be increased.

(c) ACQUISITION WORKFORCE.—

(1) IN GENERAL.—The Commandant shall designate a sufficient number of positions to be in the Coast Guard's acquisition workforce to perform acquisition-related functions at Coast Guard headquarters and field activities.

(2) REQUIRED POSITIONS.—In designating positions under subsection (a), the Commandant shall include, at a minimum, positions encompassing the following competencies and functions:

(A) Program management.

(B) Systems planning, research, development, engineering, and testing.

(C) Procurement, including contracting.

(D) Industrial and contract property management.

(E) Life-cycle logistics.

(F) Quality control and assurance.

(G) Manufacturing and production.

(H) Business, cost estimating, financial management, and auditing.

(I) Acquisition education, training, and career development.

(J) Construction and facilities engineering.

(K) Testing and evaluation.

(3) ACQUISITION MANAGEMENT HEADQUARTER ACTIVITIES.—The Commandant shall also designate as positions in the acquisition workforce under paragraph (1) those acquisition-related positions located at Coast Guard headquarters units.

(4) APPROPRIATE EXPERTISE REQUIRED.—The Commandant shall ensure that each individual assigned to a position in the acquisition workforce has the appropriate expertise to carry out the responsibilities of that position.

(d) MANAGEMENT INFORMATION SYSTEM.—

(1) IN GENERAL.—The Commandant shall establish a management information system capability to improve acquisition workforce management and reporting.

(2) INFORMATION MAINTAINED.—Information maintained with such capability shall include the following standardized information on individuals assigned to positions in the workforce:

(A) Qualifications, assignment history, and tenure of those individuals assigned to positions in the acquisition workforce or holding acquisition-related certifications.

(B) Promotion rates for officers and members of the Coast Guard in the acquisition workforce.

[(e) Repealed. Pub. L. 112-213, title II, §210(c)(2)(A), Dec. 20, 2012, 126 Stat. 1551.]

(f) APPOINTMENTS TO ACQUISITION POSITIONS.—The Commandant shall ensure that no requirement or preference for officers or members of the Coast Guard is used in the consideration of persons for positions in the acquisition workforce.

(g) CAREER PATHS.—

(1) IDENTIFICATION OF CAREER PATHS.—To establish acquisition management as a core competency of the Coast Guard, the Commandant shall—

(A) ensure that career paths for officers, members, and employees of the Coast Guard who wish to pursue careers in acquisition are identified in terms of the education, training, experience, and assignments necessary for career progression of those officers, members, and employees to the most senior positions in the acquisition workforce; and

(B) publish information on such career paths.

(2) PROMOTION PARITY.—The Commandant shall ensure that promotion parity is established for officers and members of the Coast Guard who have been assigned to the acquisition workforce relative to officers and mem-

bers who have not been assigned to the acquisition workforce.

(Added Pub. L. 111-281, title IV, § 402(a), Oct. 15, 2010, 124 Stat. 2931; amended Pub. L. 111-330, § 1(4), Dec. 22, 2010, 124 Stat. 3569; Pub. L. 112-213, title II, § 210(c)(2)(A), Dec. 20, 2012, 126 Stat. 1551.)

REFERENCES IN TEXT

The date of enactment of the Coast Guard Authorization Act of 2010 and the date of enactment of this section, referred to in subsec. (b)(1), (2)(A), is the date of enactment of Pub. L. 111-281, which was approved Oct. 15, 2010.

PRIOR PROVISIONS

A prior section 562, act Aug. 4, 1949, ch. 393, 63 Stat. 539; Aug. 3, 1950, ch. 536, § 27, 64 Stat. 407, related to deck courts, prior to repeal by act May 5, 1950, ch. 169, §§ 5, 14(v), 64 Stat. 145, 148, effective May 31, 1951.

AMENDMENTS

2012—Subsec. (e). Pub. L. 112-213 struck out subsec. (e) which related to annual report on adequacy of acquisition workforce.

2010—Pub. L. 111-330 amended Pub. L. 111-281, § 402(a), which enacted this section.

EFFECTIVE DATE OF 2010 AMENDMENT

Pub. L. 111-330, § 1, Dec. 22, 2010, 124 Stat. 3569, provided that the amendment made by section 1(4) is effective with the enactment of Pub. L. 111-281.

§ 563. Recognition of Coast Guard personnel for excellence in acquisition

(a) IN GENERAL.—Not later than 180 days after the date of enactment of the Coast Guard Authorization Act of 2010, the Commandant shall commence implementation of a program to recognize excellent performance by individuals and teams comprised of officers, members, and employees of the Coast Guard that contributed to the long-term success of a Coast Guard acquisition project or program.

(b) ELEMENTS.—The program shall include—

(1) specific award categories, criteria, and eligibility and manners of recognition;

(2) procedures for the nomination by personnel of the Coast Guard of individuals and teams comprised of officers, members, and employees of the Coast Guard for recognition under the program; and

(3) procedures for the evaluation of nominations for recognition under the program by one or more panels of individuals from the Government, academia, and the private sector who have such expertise and are appointed in such manner as the Commandant shall establish for the purposes of this program.

(c) AWARD OF CASH BONUSES.—As part of the program required by subsection (a), the Commandant, subject to the availability of appropriations, may award to any civilian employee recognized pursuant to the program a cash bonus to the extent that the performance of such individual so recognized warrants the award of such bonus.

(Added Pub. L. 111-281, title IV, § 402(a), Oct. 15, 2010, 124 Stat. 2934; amended Pub. L. 111-330, § 1(4), Dec. 22, 2010, 124 Stat. 3569.)

REFERENCES IN TEXT

The date of enactment of the Coast Guard Authorization Act of 2010, referred to in subsec. (a), is the date

of enactment of Pub. L. 111-281, which was approved Oct. 15, 2010.

PRIOR PROVISIONS

A prior section 563, act Aug. 4, 1949, ch. 393, 63 Stat. 539; Aug. 3, 1950, ch. 536, § 28, 64 Stat. 407, related to summary courts-martial, prior to repeal by act May 5, 1950, ch. 169, §§ 5, 14(v), 64 Stat. 145, 148, effective May 31, 1951.

AMENDMENTS

2010—Pub. L. 111-330 amended Pub. L. 111-281, § 402(a), which enacted this section.

EFFECTIVE DATE OF 2010 AMENDMENT

Pub. L. 111-330, § 1, Dec. 22, 2010, 124 Stat. 3569, provided that the amendment made by section 1(4) is effective with the enactment of Pub. L. 111-281.

§ 564. Prohibition on use of lead systems integrators

(a) IN GENERAL.—

(1) USE OF LEAD SYSTEMS INTEGRATOR.—The Commandant may not use a private sector entity as a lead systems integrator.

(2) FULL AND OPEN COMPETITION.—The Commandant shall use full and open competition for any acquisition contract unless otherwise excepted in accordance with Federal acquisition laws and regulations promulgated under those laws, including the Federal Acquisition Regulation.

(3) NO EFFECT ON SMALL BUSINESS ACT.—Nothing in this subsection shall be construed to supersede or otherwise affect the authorities provided by and under the Small Business Act (15 U.S.C. 631 et seq.).

(b) LIMITATION ON FINANCIAL INTEREST IN SUBCONTRACTORS.—Neither an entity performing lead systems integrator functions for a Coast Guard acquisition nor a Tier 1 subcontractor for any acquisition may have a financial interest in a subcontractor below the Tier 1 subcontractor level unless—

(1) the subcontractor was selected by the prime contractor through full and open competition for such procurement;

(2) the procurement was awarded by an entity performing lead systems integrator functions or a subcontractor through full and open competition;

(3) the procurement was awarded by a subcontractor through a process over which the entity performing lead systems integrator functions or a Tier 1 subcontractor exercised no control; or

(4) the Commandant has determined that the procurement was awarded in a manner consistent with Federal acquisition laws and regulations promulgated under those laws, including the Federal Acquisition Regulation.

(Added Pub. L. 111-281, title IV, § 402(a), Oct. 15, 2010, 124 Stat. 2935; amended Pub. L. 111-330, § 1(4), Dec. 22, 2010, 124 Stat. 3569; Pub. L. 112-213, title II, § 217(7), Dec. 20, 2012, 126 Stat. 1557.)

REFERENCES IN TEXT

The Small Business Act, referred to in subsec. (a)(3), is Pub. L. 85-536, § 2(1 et seq.), July 18, 1958, 72 Stat. 384, which is classified generally to chapter 14A (§ 631 et seq.) of Title 15, Commerce and Trade. For complete classification of this Act to the Code, see Short Title note set out under section 631 of Title 15 and Tables.

PRIOR PROVISIONS

A prior section 564, act Aug. 4, 1949, ch. 393, 63 Stat. 540; Aug. 3, 1950, ch. 536, §29, 64 Stat. 407, related to general courts-martial, prior to repeal by act May 5, 1950, ch. 169, §§5, 14(v), 64 Stat. 145, 148, effective May 31, 1951.

AMENDMENTS

2012—Pub. L. 112-213 amended section generally. Prior to amendment, section related to prohibition on use of lead systems integrators and provided for certain exceptions to such prohibition.

2010—Pub. L. 111-330 amended Pub. L. 111-281, §402(a), which enacted this section.

EFFECTIVE DATE OF 2010 AMENDMENT

Pub. L. 111-330, §1, Dec. 22, 2010, 124 Stat. 3569, provided that the amendment made by section 1(4) is effective with the enactment of Pub. L. 111-281.

§ 565. Required contract terms

(a) **IN GENERAL.**—The Commandant shall ensure that a contract awarded or a delivery order or task order issued for an acquisition of a capability or an asset with an expected service life of 10 or more years and with a total acquisition cost that is equal to or exceeds \$10,000,000 awarded or issued by the Coast Guard after the date of enactment of the Coast Guard Authorization Act of 2010—

(1) provides that all certifications for an end-state capability or asset under such contract, delivery order, or task order, respectively, will be conducted by the Commandant or an independent third party, and that self-certification by a contractor or subcontractor is not allowed;

(2) provides that the Commandant shall maintain the authority to establish, approve, and maintain technical requirements;

(3) requires that any measurement of contractor and subcontractor performance be based on the status of all work performed, including the extent to which the work performed met all performance, cost, and schedule requirements;

(4) specifies that, for the acquisition or upgrade of air, surface, or shore capabilities and assets for which compliance with TEMPEST certification is a requirement, the standard for determining such compliance will be the air, surface, or shore standard then used by the Department of the Navy for that type of capability or asset; and

(5) for any contract awarded to acquire an Offshore Patrol Cutter, includes provisions specifying the service life, fatigue life, and days underway in general Atlantic and North Pacific Sea conditions, maximum range, and maximum speed the cutter will be built to achieve.

(b) **PROHIBITED PROVISIONS.**—

(1) **IN GENERAL.**—The Commandant shall ensure that any contract awarded or delivery order or task order issued by the Coast Guard after the date of enactment of the Coast Guard Authorization Act of 2010 does not include any provision allowing for equitable adjustment that is not consistent with the Federal Acquisition Regulations.

(2) **EXTENSION OF PROGRAM.**—A contract, contract modification, or award term extending a contract with a lead systems integrator—

(A) may not include any minimum requirements for the purchase of a given or determinable number of specific capabilities or assets; and

(B) shall be reviewed by an independent third party with expertise in acquisition management, and the results of that review shall be submitted to the appropriate congressional committees at least 60 days prior to the award of the contract, contract modification, or award term.

(c) **INTEGRATED PRODUCT TEAMS.**—Integrated product teams, and all teams that oversee integrated product teams, shall be chaired by officers, members, or employees of the Coast Guard.

(d) **TECHNICAL AUTHORITY.**—The Commandant shall maintain or designate the technical authority to establish, approve, and maintain technical requirements. Any such designation shall be made in writing and may not be delegated to the authority of the Chief Acquisition Officer established by section 56 of this title.

(Added Pub. L. 111-281, title IV, §402(a), Oct. 15, 2010, 124 Stat. 2936; amended Pub. L. 111-330, §1(4), Dec. 22, 2010, 124 Stat. 3569.)

REFERENCES IN TEXT

The date of enactment of the Coast Guard Authorization Act of 2010, referred to in subsecs. (a) and (b)(1), is the date of enactment of Pub. L. 111-281, which was approved Oct. 15, 2010.

PRIOR PROVISIONS

A prior section 565, act Aug. 4, 1949, ch. 393, 63 Stat. 540, related to Public Health Service officers as court members, prior to repeal by act May 5, 1950, ch. 169, §§5, 14(v), 64 Stat. 145, 148, effective May 31, 1951.

AMENDMENTS

2010—Pub. L. 111-330 amended Pub. L. 111-281, §402(a), which enacted this section.

EFFECTIVE DATE OF 2010 AMENDMENT

Pub. L. 111-330, §1, Dec. 22, 2010, 124 Stat. 3569, provided that the amendment made by section 1(4) is effective with the enactment of Pub. L. 111-281.

§ 566. Department of Defense consultation

(a) **IN GENERAL.**—The Commandant shall make arrangements as appropriate with the Secretary of Defense for support in contracting and management of Coast Guard acquisition programs. The Commandant shall also seek opportunities to make use of Department of Defense contracts, and contracts of other appropriate agencies, to obtain the best possible price for assets acquired for the Coast Guard.

(b) **INTERSERVICE TECHNICAL ASSISTANCE.**—The Commandant shall seek to enter into a memorandum of understanding or a memorandum of agreement with the Secretary of the Navy to obtain the assistance of the Office of the Assistant Secretary of the Navy for Research, Development, and Acquisition, including the Navy Systems Command, with the oversight of Coast Guard major acquisition programs. The memorandum of understanding or memorandum of agreement shall, at a minimum, provide for—

(1) the exchange of technical assistance and support that the Assistant Commandants for Acquisition, Human Resources, Engineering, and Information technology may identify;

(2) the use, as appropriate, of Navy technical expertise; and

(3) the temporary assignment or exchange of personnel between the Coast Guard and the Office of the Assistant Secretary of the Navy for Research, Development, and Acquisition, including Naval Systems Command, to facilitate the development of organic capabilities in the Coast Guard.

(c) **TECHNICAL REQUIREMENT APPROVAL PROCEDURES.**—The Chief Acquisition Officer shall adopt, to the extent practicable, procedures modeled after those used by the Navy Senior Acquisition Official to approve all technical requirements.

(d) **ASSESSMENT.**—Within 180 days after the date of enactment of the Coast Guard Authorization Act of 2010, the Comptroller General of the United States shall transmit a report to the appropriate congressional committees that—

(1) contains an assessment of current Coast Guard acquisition and management capabilities to manage Level 1 and Level 2 acquisitions;

(2) includes recommendations as to how the Coast Guard can improve its acquisition management, either through internal reforms or by seeking acquisition expertise from the Department of Defense; and

(3) addresses specifically the question of whether the Coast Guard can better leverage Department of Defense or other agencies' contracts that would meet the needs of Level 1 or Level 2 acquisitions in order to obtain the best possible price.

(Added Pub. L. 111-281, title IV, § 402(a), Oct. 15, 2010, 124 Stat. 2937; amended Pub. L. 111-330, § 1(4), Dec. 22, 2010, 124 Stat. 3569.)

REFERENCES IN TEXT

The date of enactment of the Coast Guard Authorization Act of 2010, referred to in subsec. (d), is the date of enactment of Pub. L. 111-281, which was approved Oct. 15, 2010.

PRIOR PROVISIONS

A prior section 566, act Aug. 4, 1949, ch. 393, 63 Stat. 541, related to reviewing authorities, prior to repeal by act May 5, 1950, ch. 169, §§ 5, 14(v), 64 Stat. 145, 148, effective May 31, 1951.

AMENDMENTS

2010—Subsec. (d). Pub. L. 111-330, which directed the amendment of Pub. L. 111-281, § 402(a), which enacted this section, by substituting “Coast Guard Authorization Act of 2010” for “Coast Guard Authorization Act for Fiscal Years 2010 and 2011” wherever appearing, was executed in subsec. (d) of this section as added by section 402(a) by making the substitution for text which read “Coast Guard Authorization Act for fiscal years 2010 and 2011”, to reflect the probable intent of Congress.

EFFECTIVE DATE OF 2010 AMENDMENT

Pub. L. 111-330, § 1, Dec. 22, 2010, 124 Stat. 3569, provided that the amendment made by section 1(4) is effective with the enactment of Pub. L. 111-281.

§ 567. Unfinitized contractual actions

(a) **IN GENERAL.**—The Coast Guard may not enter into an unfinitized contractual action unless such action is directly approved by the

Head of Contracting Activity of the Coast Guard.

(b) **REQUESTS FOR UNDEFINITIZED CONTRACTUAL ACTIONS.**—Any request to the Head of Contracting Activity for approval of an unfinitized contractual action shall include a description of the anticipated effect on requirements of the Coast Guard if a delay is incurred for the purposes of determining contractual terms, specifications, and price before performance is begun under the contractual action.

(c) **REQUIREMENTS FOR UNDEFINITIZED CONTRACTUAL ACTIONS.**—

(1) **DEADLINE FOR AGREEMENT ON TERMS, SPECIFICATIONS, AND PRICE.**—A contracting officer of the Coast Guard may not enter into an unfinitized contractual action unless the contractual action provides for agreement upon contractual terms, specification, and price by the earlier of—

(A) the end of the 180-day period beginning on the date on which the contractor submits a qualifying proposal to definitize the contractual terms, specifications, and price; or

(B) the date on which the amount of funds obligated under the contractual action is equal to more than 50 percent of the negotiated overall ceiling price for the contractual action.

(2) **LIMITATION ON OBLIGATIONS.**—

(A) **IN GENERAL.**—Except as provided in subparagraph (B), the contracting officer for an unfinitized contractual action may not obligate under such contractual action an amount that exceeds 50 percent of the negotiated overall ceiling price until the contractual terms, specifications, and price are definitized for such contractual action.

(B) **EXCEPTION.**—Notwithstanding subparagraph (A), if a contractor submits a qualifying proposal to definitize an unfinitized contractual action before an amount that exceeds 50 percent of the negotiated overall ceiling price is obligated on such action, the contracting officer for such action may not obligate with respect to such contractual action an amount that exceeds 75 percent of the negotiated overall ceiling price until the contractual terms, specifications, and price are definitized for such contractual action.

(3) **WAIVER.**—The Commandant may waive the application of this subsection with respect to a contract if the Commandant determines that the waiver is necessary to support—

(A) a contingency operation (as that term is defined in section 101(a)(13) of title 10);

(B) operations to prevent or respond to a transportation security incident (as defined in section 70101(6) of title 46);

(C) an operation in response to an emergency that poses an unacceptable threat to human health or safety or to the marine environment; or

(D) an operation in response to a natural disaster or major disaster or emergency designated by the President under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.).

(4) **LIMITATION ON APPLICATION.**—This subsection does not apply to an unfinitized con-

tractual action for the purchase of initial spares.

(d) **INCLUSION OF NONURGENT REQUIREMENTS.**—Requirements for spare parts and support equipment that are not needed on an urgent basis may not be included in an undefinitized contractual action by the Coast Guard for spare parts and support equipment that are needed on an urgent basis unless the Commandant approves such inclusion as being—

- (1) good business practice; and
- (2) in the best interests of the United States.

(e) **MODIFICATION OF SCOPE.**—The scope of an undefinitized contractual action under which performance has begun may not be modified unless the Commandant approves such modification as being—

- (1) good business practice; and
- (2) in the best interests of the United States.

(f) **ALLOWABLE PROFIT.**—The Commandant shall ensure that the profit allowed on an undefinitized contractual action for which the final price is negotiated after a substantial portion of the performance required is completed reflects—

- (1) the possible reduced cost risk of the contractor with respect to costs incurred during performance of the contract before the final price is negotiated; and
- (2) the reduced cost risk of the contractor with respect to costs incurred during performance of the remaining portion of the contract.

(g) **DEFINITIONS.**—In this section:

(1) **UNDEFINITIZED CONTRACTUAL ACTION.**—

(A) **IN GENERAL.**—Except as provided in subparagraph (B), the term “undefinitized contractual action” means a new procurement action entered into by the Coast Guard for which the contractual terms, specifications, or price are not agreed upon before performance is begun under the action.

(B) **EXCLUSION.**—The term “undefinitized contractual action” does not include contractual actions with respect to—

- (i) foreign military sales;
- (ii) purchases in an amount not in excess of the amount of the simplified acquisition threshold; or
- (iii) special access programs.

(2) **QUALIFYING PROPOSAL.**—The term “qualifying proposal” means a proposal that contains sufficient information to enable complete and meaningful audits of the information contained in the proposal as determined by the contracting officer.

(Added Pub. L. 111-281, title IV, § 402(a), Oct. 15, 2010, 124 Stat. 2938.)

REFERENCES IN TEXT

The Robert T. Stafford Disaster Relief and Emergency Assistance Act, referred to in subsec. (c)(3)(D), is Pub. L. 93-288, May 22, 1974, 88 Stat. 143, which is classified principally to chapter 68 (§ 5121 et seq.) of Title 42, The Public Health and Welfare. For complete classification of this Act to the Code, see Short Title note set out under section 5121 of Title 42 and Tables.

PRIOR PROVISIONS

A prior section 567, act Aug. 4, 1949, ch. 393, 63 Stat. 541, related to jurisdiction of offenses, prior to repeal

by act May 5, 1950, ch. 169, §§ 5, 14(v), 64 Stat. 145, 148, effective May 31, 1951.

§ 568. Guidance on excessive pass-through charges

(a) **IN GENERAL.**—Not later than 180 days after the date of enactment of the Coast Guard Authorization Act of 2010, the Commandant shall issue guidance to ensure that pass-through charges on contracts, subcontracts, delivery orders, and task orders that are entered into with a private entity acting as a lead systems integrator by or on behalf of the Coast Guard are not excessive in relation to the cost of work performed by the relevant contractor or subcontractor. The guidance shall, at a minimum—

- (1) set forth clear standards for determining when no, or negligible, value has been added to a contract by a contractor or subcontractor;
- (2) set forth procedures for preventing the payment by the Government of excessive pass-through charges; and
- (3) identify any exceptions determined by the Commandant to be in the best interest of the Government.

(b) **EXCESSIVE PASS-THROUGH CHARGE DEFINED.**—In this section the term “excessive pass-through charge”, with respect to a contractor or subcontractor that adds no, or negligible, value to a contract or subcontract, means a charge to the Government by the contractor or subcontractor that is for overhead or profit on work performed by a lower tier contractor or subcontractor, other than reasonable charges for the direct costs of managing lower tier contractors and subcontracts and overhead and profit based on such direct costs.

(c) **APPLICATION OF GUIDANCE.**—The guidance under this subsection shall apply to contracts awarded to a private entity acting as a lead systems integrator by or on behalf of the Coast Guard on or after the date that is 360 days after the date of enactment of the Coast Guard Authorization Act of 2010.

(Added Pub. L. 111-281, title IV, § 402(a), Oct. 15, 2010, 124 Stat. 2940; amended Pub. L. 111-330, § 1(4), Dec. 22, 2010, 124 Stat. 3569.)

REFERENCES IN TEXT

The date of enactment of the Coast Guard Authorization Act of 2010, referred to in subsecs. (a) and (c), is the date of enactment of Pub. L. 111-281, which was approved Oct. 15, 2010.

PRIOR PROVISIONS

A prior section 568, act Aug. 4, 1949, ch. 393, 63 Stat. 542, related to time limitations between offense and prosecution, prior to repeal by act May 5, 1950, ch. 169, §§ 5, 14(v), 64 Stat. 145, 148, effective May 31, 1951.

AMENDMENTS

2010—Pub. L. 111-330 amended Pub. L. 111-281, § 402(a), which enacted this section.

EFFECTIVE DATE OF 2010 AMENDMENT

Pub. L. 111-330, § 1, Dec. 22, 2010, 124 Stat. 3569, provided that the amendment made by section 1(4) is effective with the enactment of Pub. L. 111-281.

§ 569. Mission need statement

(a) **IN GENERAL.**—On the date on which the President submits to Congress a budget for fis-

cal year 2016 under section 1105 of title 31, on the date on which the President submits to Congress a budget for fiscal year 2019 under such section, and every 4 years thereafter, the Commandant shall submit to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate an integrated major acquisition mission need statement.

(b) DEFINITIONS.—In this section, the following definitions apply:

(1) INTEGRATED MAJOR ACQUISITION MISSION NEED STATEMENT.—The term “integrated major acquisition mission need statement” means a document that—

(A) identifies current and projected gaps in Coast Guard mission capabilities using mission hour targets;

(B) explains how each major acquisition program addresses gaps identified under subparagraph (A) if funded at the levels provided for such program in the most recently submitted capital investment plan; and

(C) describes the missions the Coast Guard will not be able to achieve, by fiscal year, for each gap identified under subparagraph (A).

(2) MAJOR ACQUISITION PROGRAM.—The term “major acquisition program” has the meaning given that term in section 569a(e).

(3) CAPITAL INVESTMENT PLAN.—The term “capital investment plan” means the plan required under section 663(a)(1).

(Added Pub. L. 111–281, title IV, § 402(a), Oct. 15, 2010, 124 Stat. 2940; amended Pub. L. 112–213, title II, § 217(8), Dec. 20, 2012, 126 Stat. 1558; Pub. L. 113–281, title II, § 215(a), Dec. 18, 2014, 128 Stat. 3034.)

PRIOR PROVISIONS

A prior section 569, act Aug. 4, 1949, ch. 393, 63 Stat. 542, related to trial by civil authorities for offenses against United States, prior to repeal by act May 5, 1950, ch. 169, §§ 5, 14(v), 64 Stat. 145, 148, effective May 31, 1951.

AMENDMENTS

2014—Pub. L. 113–281 amended section generally. Prior to amendment, section related to submission of report, not later than Dec. 31, 2011, to appropriate congressional committees on the employment during the preceding year by Coast Guard contractors of individuals who were Coast Guard officials in the previous 5-year period.

2012—Subsec. (a). Pub. L. 112–213 struck out “and annually thereafter,” after “December 31, 2011.”

§ 569a. Major acquisitions

(a) IN GENERAL.—In conjunction with the transmittal by the President to Congress of the budget of the United States for fiscal year 2014 and biennially thereafter, the Secretary shall submit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives a report on the status of all major acquisition programs.

(b) INFORMATION TO BE INCLUDED.—Each report under subsection (a) shall include for each major acquisition program—

(1) a statement of the Coast Guard’s mission needs and performance goals relating to such program, including a justification for any change to those needs and goals subsequent to a report previously submitted under this section;

(2) a justification explaining how the projected number and capabilities of assets acquired under such program meet applicable mission needs and performance goals;

(3) an identification of any and all mission hour gaps, accompanied by an explanation of how and when the Coast Guard will close those gaps;

(4) an identification of any changes with respect to such program, including—

(A) any changes to the timeline for the acquisition of each new asset and the phaseout of legacy assets; and

(B) any changes to—

(i) the costs of new assets or legacy assets for that fiscal year or future fiscal years; or

(ii) the total acquisition cost;

(5) a justification explaining how any change to such program fulfills the mission needs and performance goals of the Coast Guard;

(6) a description of how the Coast Guard is planning for the integration of each new asset acquired under such program into the Coast Guard, including needs related to shore-based infrastructure and human resources;

(7) an identification of how funds in the applicable fiscal year’s budget request will be allocated, including information on the purchase of specific assets;

(8) a projection of the remaining operational lifespan and life-cycle cost of each legacy asset that also identifies any anticipated resource gaps;

(9) a detailed explanation of how the costs of legacy assets are being accounted for within such program; and

(10) an annual performance comparison of new assets to legacy assets.

(c) ADEQUACY OF ACQUISITION WORKFORCE.—Each report under subsection (a) shall—

(1) include information on the scope of the acquisition activities to be performed in the next fiscal year and on the adequacy of the current acquisition workforce to meet that anticipated workload;

(2) specify the number of officers, members, and employees of the Coast Guard currently and planned to be assigned to each position designated under section 562(c) of this subchapter; and

(3) identify positions that are or will be understaffed and actions that will be taken to correct such understaffing.

(d) CUTTERS NOT MAINTAINED IN CLASS.—Each report under subsection (a) shall identify which, if any, Coast Guard cutters that have been issued a certificate of classification by the American Bureau of Shipping have not been maintained in class, with an explanation detailing the reasons why the cutters have not been maintained in class.

(e) MAJOR ACQUISITION PROGRAM DEFINED.—In this section, the term “major acquisition pro-

gram” means an ongoing acquisition undertaken by the Coast Guard with a life-cycle cost estimate greater than or equal to \$300,000,000.

(Added Pub. L. 112-213, title II, §210(a), Dec. 20, 2012, 126 Stat. 1550.)

PRIOR PROVISIONS

A prior section 570, act Aug. 4, 1949, ch. 393, 63 Stat. 542, related to designation of any Federal prison for execution of sentence, prior to repeal by act May 5, 1950, ch. 169, §§5, 14(v), 64 Stat. 145, 148, effective May 31, 1951.

SUBCHAPTER II—IMPROVED ACQUISITION PROCESS AND PROCEDURES

§ 571. Identification of major system acquisitions

(a) IN GENERAL.—

(1) SUPPORT MECHANISMS.—The Commandant shall develop and implement mechanisms to support the establishment of mature and stable operational requirements for all acquisitions.

(2) MISSION ANALYSIS; AFFORDABILITY ASSESSMENT.—The Commandant may not initiate a Level 1 or Level 2 acquisition project or program until the Commandant—

(A) completes a mission analysis that—

(i) identifies the specific capability gaps to be addressed by the project or program; and

(ii) develops a clear mission need to be addressed by the project or program; and

(B) prepares a preliminary affordability assessment for the project or program.

(b) ELEMENTS.—

(1) REQUIREMENTS.—The mechanisms required by subsection (a) shall ensure the implementation of a formal process for the development of a mission-needs statement, concept-of-operations document, capability development plan, and resource proposal for the initial project or program funding, and shall ensure the project or program is included in the Coast Guard Capital Investment Plan.

(2) ASSESSMENT OF TRADE-OFFS.—In conducting an affordability assessment under subsection (a)(2)(B), the Commandant shall develop and implement mechanisms to ensure that trade-offs among cost, schedule, and performance are considered in the establishment of preliminary operational requirements for development and production of new assets and capabilities for Level 1 and Level 2 acquisitions projects and programs.

(c) HUMAN RESOURCE CAPITAL PLANNING.—The Commandant shall develop staffing predictions, define human capital performance initiatives, and identify preliminary training needs required to implement each Level 1 and Level 2 acquisition project and program.

(Added Pub. L. 111-281, title IV, §402(a), Oct. 15, 2010, 124 Stat. 2941.)

PRIOR PROVISIONS

A prior section 571, act Aug. 4, 1949, ch. 393, 63 Stat. 542, related to Treasury and Navy Department jurisdiction, prior to repeal by act May 5, 1950, ch. 169, §§5, 14(v), 64 Stat. 145, 148, effective May 31, 1951.

§ 572. Acquisition

(a) IN GENERAL.—The Commandant may not establish a Level 1 or Level 2 acquisition project or program until the Commandant—

(1) clearly defines the operational requirements for the project or program;

(2) establishes the feasibility of alternatives;

(3) develops an acquisition project or program baseline;

(4) produces a life-cycle cost estimate; and

(5) assesses the relative merits of alternatives to determine a preferred solution in accordance with the requirements of this section.

(b) SUBMISSION REQUIRED BEFORE PROCEEDING.—Any Coast Guard Level 1 or Level 2 acquisition project or program may not begin to obtain any capability or asset or proceed beyond that phase of its development that entails approving the supporting acquisition until the Commandant submits to the appropriate congressional committees the following:

(1) The key performance parameters, the key system attributes, and the operational performance attributes of the capability or asset to be acquired under the proposed acquisition project or program.

(2) A detailed list of the systems or other capabilities with which the capability or asset to be acquired is intended to be interoperable, including an explanation of the attributes of interoperability.

(3) The anticipated acquisition project or program baseline and acquisition unit cost for the capability or asset to be acquired under the project or program.

(4) A detailed schedule for the acquisition process showing when all capability and asset acquisitions are to be completed and when all acquired capabilities and assets are to be initially and fully deployed.

(c) ANALYSIS OF ALTERNATIVES.—

(1) IN GENERAL.—The Coast Guard may not acquire an experimental or technically immature capability or asset or implement a Level 1 or Level 2 acquisition project or program, unless it has prepared an analysis of alternatives for the capability or asset to be acquired in the concept and technology development phase of the acquisition process for the capability or asset.

(2) REQUIREMENTS.—The analysis of alternatives shall be prepared by a federally funded research and development center, a qualified entity of the Department of Defense, or a similar independent third-party entity that has appropriate acquisition expertise and has no financial interest in any part of the acquisition project or program that is the subject of the analysis. At a minimum, the analysis of alternatives shall include—

(A) an assessment of the technical maturity of the capability or asset, and technical and other risks;

(B) an examination of capability, interoperability, and other advantages and disadvantages;

(C) an evaluation of whether different combinations or quantities of specific assets or capabilities could meet the Coast Guard's overall performance needs;

(D) a discussion of key assumptions and variables, and sensitivity to change in such assumptions and variables;

(E) when an alternative is an existing capability, asset, or prototype, an evaluation of relevant safety and performance records and costs;

(F) a calculation of life-cycle costs including—

(i) an examination of likely research and development costs and the levels of uncertainty associated with such estimated costs;

(ii) an examination of likely production and deployment costs and the levels of uncertainty associated with such estimated costs;

(iii) an examination of likely operating and support costs and the levels of uncertainty associated with such estimated costs;

(iv) if they are likely to be significant, an examination of likely disposal costs and the levels of uncertainty associated with such estimated costs; and

(v) such additional measures as the Commandant or the Secretary of the department in which the Coast Guard is operating determines to be necessary for appropriate evaluation of the capability or asset; and

(G) the business case for each viable alternative.

(d) **TEST AND EVALUATION MASTER PLAN.**—

(1) **IN GENERAL.**—For any Level 1 or Level 2 acquisition project or program the Chief Acquisition Officer must approve a test and evaluation master plan specific to the acquisition project or program for the capability, asset, or subsystems of the capability or asset and intended to minimize technical, cost, and schedule risk as early as practicable in the development of the project or program.

(2) **TEST AND EVALUATION STRATEGY.**—The master plan shall—

(A) set forth an integrated test and evaluation strategy that will verify that capability-level or asset-level and subsystem-level design and development, including performance and supportability, have been sufficiently proven before the capability, asset, or subsystem of the capability or asset is approved for production; and

(B) require that adequate developmental tests and evaluations and operational tests and evaluations established under subparagraph (A) are performed to inform production decisions.

(3) **OTHER COMPONENTS OF THE MASTER PLAN.**—At a minimum, the master plan shall identify—

(A) the key performance parameters to be resolved through the integrated test and evaluation strategy;

(B) critical operational issues to be assessed in addition to the key performance parameters;

(C) specific development test and evaluation phases and the scope of each phase;

(D) modeling and simulation activities to be performed, if any, and the scope of such activities;

(E) early operational assessments to be performed, if any, and the scope of such assessments;

(F) operational test and evaluation phases;

(G) an estimate of the resources, including funds, that will be required for all test, evaluation, assessment, modeling, and simulation activities; and

(H) the Government entity or independent entity that will perform the test, evaluation, assessment, modeling, and simulation activities.

(4) **UPDATE.**—The Chief Acquisition Officer must approve an updated master plan whenever there is a revision to project or program test and evaluation strategy, scope, or phasing.

(5) **LIMITATION.**—The Coast Guard may not—

(A) proceed beyond that phase of the acquisition process that entails approving the supporting acquisition of a capability or asset before the master plan is approved by the Chief Acquisition Officer; or

(B) award any production contract for a capability, asset, or subsystem for which a master plan is required under this subsection before the master plan is approved by the Chief Acquisition Officer.

(e) **LIFE-CYCLE COST ESTIMATES.**—

(1) **IN GENERAL.**—The Commandant shall implement mechanisms to ensure the development and regular updating of life-cycle cost estimates for each acquisition with a total acquisition cost that equals or exceeds \$10,000,000 and an expected service life of 10 or more years, and to ensure that these estimates are considered in decisions to develop or produce new or enhanced capabilities and assets.

(2) **TYPES OF ESTIMATES.**—In addition to life-cycle cost estimates that may be developed by acquisition program offices, the Commandant shall require that an independent life-cycle cost estimate be developed for each Level 1 or Level 2 acquisition project or program.

(3) **REQUIRED UPDATES.**—For each Level 1 or Level 2 acquisition project or program the Commandant shall require that life-cycle cost estimates shall be updated before each milestone decision is concluded and the project or program enters a new acquisition phase.

(Added Pub. L. 111-281, title IV, § 402(a), Oct. 15, 2010, 124 Stat. 2942.)

PRIOR PROVISIONS

A prior section 572, act Aug. 4, 1949, ch. 393, 63 Stat. 543, related to courts of inquiry, prior to repeal by act May 5, 1950, ch. 169, §§ 5, 14(v), 64 Stat. 145, 148, effective May 31, 1951.

§ 573. Preliminary development and demonstration

(a) **IN GENERAL.**—The Commandant shall ensure that developmental test and evaluation, operational test and evaluation, life-cycle cost estimates, and the development and demonstration requirements applied by this chapter to acquisition projects and programs are met to confirm that the projects or programs meet the requirements identified in the mission-analysis and affordability assessment prepared under sec-

tion 571(a)(2), the operational requirements developed under section 572(a)(1) and the following development and demonstration objectives:

(1) To demonstrate that the design, manufacturing, and production solution is based upon a stable, producible, and cost-effective product design.

(2) To ensure that the product capabilities meet contract specifications, acceptable operational performance requirements, and system security requirements.

(3) To ensure that the product design is mature enough to commit to full production and deployment.

(b) TESTS AND EVALUATIONS.—

(1) IN GENERAL.—The Commandant shall ensure that the Coast Guard conducts developmental tests and evaluations and operational tests and evaluations of a capability or asset and the subsystems of the capability or asset in accordance with the master plan prepared for the capability or asset under section 572(d)(1).

(2) USE OF THIRD PARTIES.—The Commandant shall ensure that the Coast Guard uses independent third parties with expertise in testing and evaluating the capabilities or assets and the subsystems of the capabilities or assets being acquired to conduct developmental tests and evaluations and operational tests and evaluations whenever the Coast Guard lacks the capability to conduct the tests and evaluations required by a master plan.

(3) COMMUNICATION OF SAFETY CONCERNS.—The Commandant shall require that safety concerns identified during developmental or operational tests and evaluations or through independent or Government-conducted design assessments of capabilities or assets and subsystems of capabilities or assets to be acquired by the Coast Guard shall be communicated as soon as practicable, but not later than 30 days after the completion of the test or assessment event or activity that identified the safety concern, to the program manager for the capability or asset and the subsystems concerned and to the Chief Acquisition Officer.

(4) REPORTING OF SAFETY CONCERNS.—Any safety concerns that have been reported to the Chief Acquisition Officer for an acquisition program or project shall be reported by the Commandant to the appropriate congressional committees at least 90 days before the award of any contract or issuance of any delivery order or task order for low, initial, or full-rate production of the capability or asset concerned if they will remain uncorrected or unmitigated at the time such a contract is awarded or delivery order or task order is issued. The report shall include a justification for the approval of that level of production of the capability or asset before the safety concerns are corrected or mitigated. The report shall also include an explanation of the actions that will be taken to correct or mitigate the safety concerns, the date by which those actions will be taken, and the adequacy of current funding to correct or mitigate the safety concerns.

(5) ASSET ALREADY IN LOW, INITIAL, OR FULL-RATE PRODUCTION.—If operational test and

evaluation of a capability or asset already in low, initial, or full-rate production identifies a safety concern with the capability or asset or any subsystems of the capability or asset not previously identified during developmental or operational test and evaluation, the Commandant shall—

(A) notify the program manager and the Chief Acquisition Officer of the safety concern as soon as practicable, but not later than 30 days after the completion of the test and evaluation event or activity that identified the safety concern; and

(B) notify the Chief Acquisition Officer and include in such notification—

(i) an explanation of the actions that will be taken to correct or mitigate the safety concern in all capabilities or assets and subsystems of the capabilities or assets yet to be produced, and the date by which those actions will be taken;

(ii) an explanation of the actions that will be taken to correct or mitigate the safety concern in previously produced capabilities or assets and subsystems of the capabilities or assets, and the date by which those actions will be taken; and

(iii) an assessment of the adequacy of current funding to correct or mitigate the safety concern in capabilities or assets and subsystems of the capabilities or assets and in previously produced capabilities or assets and subsystems.

(c) TECHNICAL CERTIFICATION.—

(1) IN GENERAL.—The Commandant shall ensure that any Level 1 or Level 2 acquisition project or program is certified by the technical authority of the Coast Guard after review by an independent third party with capabilities in the mission area, asset, or particular asset component.

(2) TEMPEST TESTING.—The Commandant shall—

(A) cause all electronics on all aircraft, surface, and shore capabilities and assets that require TEMPEST certification and that are delivered after the date of enactment of the Coast Guard Authorization Act of 2010 to be tested in accordance with TEMPEST standards and communications security (comsec) standards by an independent third party that is authorized by the Federal Government to perform such testing; and

(B) certify that the assets meet all applicable TEMPEST requirements.

(3) CUTTER CLASSIFICATION.—

(A) IN GENERAL.—The Commandant shall cause each cutter, other than a National Security Cutter, acquired by the Coast Guard and delivered after the date of enactment of the Coast Guard Authorization Act of 2010 to be classed by the American Bureau of Shipping before final acceptance.

[(B) Repealed. Pub. L. 112–213, title II, § 210(c)(2)(B), Dec. 20, 2012, 126 Stat. 1551.]

(4) OTHER VESSELS.—The Commandant shall cause the design and construction of each National Security Cutter, other than National Security Cutters 1, 2, and 3, to be assessed by an independent third party with expertise in vessel design and construction certification.

(5) AIRCRAFT AIRWORTHINESS.—The Commandant shall cause all aircraft and aircraft engines acquired by the Coast Guard and delivered after the date of enactment of the Coast Guard Authorization Act of 2010 to be assessed for airworthiness by an independent third party with expertise in aircraft and aircraft engine certification before final acceptance.

(Added Pub. L. 111–281, title IV, § 402(a), Oct. 15, 2010, 124 Stat. 2944; amended Pub. L. 112–213, title II, § 210(c)(2)(B), Dec. 20, 2012, 126 Stat. 1551.)

REFERENCES IN TEXT

The date of enactment of the Coast Guard Authorization Act of 2010, referred to in subsec. (c)(2)(A), (3)(A), (5), is the date of enactment of Pub. L. 111–281, which was approved Oct. 15, 2010.

PRIOR PROVISIONS

A prior section 573, act Aug. 4, 1949, ch. 393, 63 Stat. 543, related to contempt of court, prior to repeal by act May 5, 1950, ch. 169, §§ 5, 14(v), 64 Stat. 145, 148, effective May 31, 1951.

AMENDMENTS

2012—Subsec. (c)(3)(B). Pub. L. 112–213 struck out subpar. (B). Text read as follows: “Not later than December 31, 2011, and biennially thereafter, the Commandant shall provide a report to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate identifying which, if any, Coast Guard cutters that have been issued a certificate of classification by the American Bureau of Shipping have not been maintained in class and detailing the reasons why they have not been maintained in class.”

NATIONAL SECURITY CUTTERS

Pub. L. 112–213, title II, § 221, Dec. 20, 2012, 126 Stat. 1559, provided that:

“(a) IN GENERAL.—

“(1) MULTIYEAR AUTHORITY.—In fiscal year 2013 and each fiscal year thereafter, the Secretary of the department in which the Coast Guard is operating may enter into, in accordance with section 2306b of title 10, United States Code, a multiyear contract for the procurement of Coast Guard National Security Cutters and Government-furnished equipment associated with the National Security Cutter program.

“(2) LIMITATION.—The Secretary may not enter into a contract under paragraph (1) until the date that is 30 days after the date the Secretary submits to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives a certification that the Secretary has made, with respect to the contract, each of the findings specified under section 2306b(a) of title 10, United States Code, and has done so in accordance with paragraph (3) of this subsection.

“(3) DETERMINATION OF SUBSTANTIAL SAVINGS.—For purposes of this section, in conducting an analysis with respect to substantial savings under section 2306b(a)(1) of title 10, United States Code, the Secretary—

“(A) may not limit the analysis to a simple percentage-based metric; and

“(B) shall employ a full-scale analysis of cost avoidance—

“(i) based on a multiyear procurement; and

“(ii) taking into account the potential benefit any accrued savings might have for future shipbuilding programs if the cost avoidance savings were subsequently utilized for further ship construction.

“(b) CERTIFICATE TO OPERATE.—The Commandant of the Coast Guard may not certify a sixth National Security Cutter as Ready for Operations before the Commandant has—

“(1) submitted to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives program execution plans detailing—

“(A) how the first 3 National Security Cutters will achieve the goal of 225 days away from homeport in fiscal years following the completion of the Structural Enhancement Drydock Availability of the first 2 National Security Cutters; and

“(B) increased aerial coverage to support National Security Cutter operations; and

“(2) awarded a contract for detailed design and construction for the Offshore Patrol Cutter.”

§ 574. Acquisition, production, deployment, and support

(a) IN GENERAL.—The Commandant shall—

(1) ensure there is a stable and efficient production and support capability to develop an asset or capability for the Coast Guard;

(2) conduct follow-on testing to confirm and monitor performance and correct deficiencies; and

(3) conduct acceptance tests and trials prior to the delivery of each asset or system to ensure the delivered asset or system achieves full operational capability.

(b) ELEMENTS.—The Commandant shall—

(1) execute production contracts;

(2) ensure that delivered assets and capabilities meet operational cost and schedules requirements established in the acquisition program baseline;

(3) validate manpower and training requirements to meet system needs to operate, maintain, support, and instruct the assets or capabilities; and

(4) prepare an acquisition project or program transition plan to enter into programmatic sustainment, operations, and support.

(Added Pub. L. 111–281, title IV, § 402(a), Oct. 15, 2010, 124 Stat. 2947.)

PRIOR PROVISIONS

A prior section 574, act Aug. 4, 1949, ch. 393, 63 Stat. 543, related to issuance of and penalties for failure to comply with subpoenas, prior to repeal by act May 5, 1950, ch. 169, §§ 5, 14(v), 64 Stat. 145, 148, effective May 31, 1951.

§ 575. Acquisition program baseline breach

(a) IN GENERAL.—The Commandant shall submit a report to the appropriate congressional committees and the Committee on Homeland Security of the House of Representatives as soon as possible, but not later than 30 days, after the Chief Acquisition Officer of the Coast Guard becomes aware of the breach of an acquisition program baseline for any Level 1 or Level 2 acquisition program, by—

(1) a likely cost overrun greater than 15 percent of the acquisition program baseline for that individual capability or asset or a class of capabilities or assets;

(2) a likely delay of more than 180 days in the delivery schedule for any individual capability or asset or class of capabilities or assets; or

(3) an anticipated failure for any individual capability or asset or class of capabilities or

assets to satisfy any key performance threshold or parameter under the acquisition program baseline.

(b) **CONTENT.**—The report submitted under subsection (a) shall include—

- (1) a detailed description of the breach and an explanation of its cause;
- (2) the projected impact to performance, cost, and schedule;
- (3) an updated acquisition program baseline and the complete history of changes to the original acquisition program baseline;
- (4) the updated acquisition schedule and the complete history of changes to the original schedule;
- (5) a full life-cycle cost analysis for the capability or asset or class of capabilities or assets;
- (6) a remediation plan identifying corrective actions and any resulting issues or risks; and
- (7) a description of how progress in the remediation plan will be measured and monitored.

(c) **SUBSTANTIAL VARIANCES IN COSTS OR SCHEDULE.**—If a likely cost overrun is greater than 20 percent or a likely delay is greater than 12 months from the costs and schedule described in the acquisition program baseline for any Level 1 or Level 2 acquisition project or program of the Coast Guard, the Commandant shall include in the report a written certification, with a supporting explanation, that—

- (1) the capability or asset or capability or asset class to be acquired under the project or program is essential to the accomplishment of Coast Guard missions;
- (2) there are no alternatives to such capability or asset or capability or asset class that will provide equal or greater capability in both a more cost-effective and timely manner;
- (3) the new acquisition schedule and estimates for total acquisition cost are reasonable; and
- (4) the management structure for the acquisition program is adequate to manage and control performance, cost, and schedule.

(Added Pub. L. 111–281, title IV, § 402(a), Oct. 15, 2010, 124 Stat. 2947.)

PRIOR PROVISIONS

A prior section 575, act Aug. 4, 1949, ch. 393, 63 Stat. 543, related to arrest of deserters, prior to repeal by act May 5, 1950, ch. 169, §§ 5, 14(v), 64 Stat. 145, 148, effective May 31, 1951.

§ 576. Acquisition approval authority

Nothing in this subchapter shall be construed as altering or diminishing in any way the statutory authority and responsibility of the Secretary of the department in which the Coast Guard is operating, or the Secretary's designee, to—

- (1) manage and administer department procurements, including procurements by department components, as required by section 701 of the Homeland Security Act of 2002 (6 U.S.C. 341); or
- (2) manage department acquisition activities and act as the Acquisition Decision Authority with regard to the review or approval of a Coast Guard Level 1 or Level 2 acquisition

project or program, as required by section 16¹ of the Office of Federal Procurement Policy Act (41 U.S.C. 414) and related implementing regulations and directives.

(Added Pub. L. 111–281, title IV, § 402(a), Oct. 15, 2010, 124 Stat. 2948.)

REFERENCES IN TEXT

Section 16 of the Office of Federal Procurement Policy Act, referred to in par. (2), is section 16 of Pub. L. 93–400, which was classified to section 414 of former Title 41, Public Contracts, and was repealed and reenacted as section 1702 of Title 41, Public Contracts, by Pub. L. 111–350, §§ 3, 7(b), Jan. 4, 2011, 124 Stat. 3677, 3855.

PRIOR PROVISIONS

A prior section 576, act Aug. 4, 1949, ch. 393, 63 Stat. 544, related to allowances to and transportation of prisoners, prior to repeal by act May 5, 1950, ch. 169, §§ 5, 14(v), 64 Stat. 145, 148, effective May 31, 1951.

§ 577. Advance procurement funding

(a) **IN GENERAL.**—With respect to any Coast Guard vessel for which amounts are appropriated and any amounts otherwise made available for vessels for the Coast Guard in any fiscal year, the Commandant of the Coast Guard may enter into a contract or place an order, in advance of a contract or order for construction of a vessel, for—

- (1) materials, parts, components, and labor for the vessel;
- (2) the advance construction of parts or components for the vessel;
- (3) protection and storage of materials, parts, or components for the vessel; and
- (4) production planning, design, and other related support services that reduce the overall procurement lead time of the vessel.

(b) **USE OF MATERIALS, PARTS, AND COMPONENTS MANUFACTURED IN THE UNITED STATES.**—In entering into contracts and placing orders under subsection (a), the Commandant may give priority to persons that manufacture materials, parts, and components in the United States.

(Added Pub. L. 112–213, title II, § 211(a), Dec. 20, 2012, 126 Stat. 1551.)

MULTIYEAR PROCUREMENT AUTHORITY FOR OFFSHORE PATROL CUTTERS

Pub. L. 113–281, title II, § 223, Dec. 18, 2014, 128 Stat. 3038, provided that: “In fiscal year 2015 and each fiscal year thereafter, the Secretary of the department in which the Coast Guard is operating may enter into, in accordance with section 2306b of title 10, United States Code, multiyear contracts for the procurement of Offshore Patrol Cutters and associated equipment.”

LONG LEAD TIME MATERIALS AND VESSEL PRODUCTION; IMMEDIATE AVAILABILITY OF FUNDING

Pub. L. 113–6, div. D, title V, § 557, Mar. 26, 2013, 127 Stat. 377, provided that:

“(a) Notwithstanding Office of Management and Budget Circular A–11, funds made available in fiscal year 2013, or any fiscal year thereafter, under Department of Homeland Security, Coast Guard, ‘Acquisition, Construction, and Improvements’ for—

- “(1) long lead time materials, components, and designs of a vessel of the Coast Guard shall be immediately available and allotted to make a contract

¹ See References in Text note below.

award notwithstanding the availability of funds for production, outfitting, post-delivery activities, and spare or repair parts; and

“(2) production of a vessel of the Coast Guard shall be immediately available and allotted to make a contract award notwithstanding the availability of funds for outfitting, post-delivery activities, and spare or repair parts.

“(b) The Secretary of Homeland Security shall develop fiscal policy that prescribes Coast Guard budgetary policies, procedures and technical direction necessary to comply with subsection (a) of this section and consistent with the Department of Defense Financial Management Regulation (Volume 2A, Chapter 1 C. Procedures for Full Funding) to include the costs associated with outfitting and post-delivery activities; spare and repair parts; and long lead time materials. The requirement set forth in this section shall not preclude the immediate availability or allotment of funds for fiscal year 2013, pursuant to subsection (a).

“(c) In this section—

“(1) the term ‘long lead time items’ means components, parts, material, or effort which must be procured in advance of the production award in order to maintain the production schedule;

“(2) the term ‘outfitting’ means procurement or installation of onboard repair parts, other secondary items, equipment, and recreation items; precommissioning crew support; general use consumables furnished to the shipbuilder; the fitting out activity to fill a vessel’s initial allowances; and contractor-furnished spares; and

“(3) the term ‘post-delivery activities’ means design, planning, Government-furnished material, and related labor for non-production and non-long lead time items contract activities and other work, including certifications, full operational capability activities and other equipment installation; spares, logistics, technical analysis, and support; correction of Government-responsible defects and deficiencies identified during builders trials, acceptance trials, and testing during the post-delivery period; costs of all work required to correct defects or deficiencies identified during the post-delivery period; and costs of all work required to correct trial card deficiencies on a vessel of a particular class, as well as on subsequent vessels of that class (whether or not delivered) until the corrective action for that cutter class is completed.”

SUBCHAPTER III—DEFINITIONS

§ 581. Definitions

In this chapter:

(1) **APPROPRIATE CONGRESSIONAL COMMITTEES.**—The term “appropriate congressional committees” means the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate.

(2) **CHIEF ACQUISITION OFFICER.**—The term “Chief Acquisition Officer” means the officer appointed under section 56 of this title.

(3) **COMMANDANT.**—The term “Commandant” means the Commandant of the Coast Guard.

(4) **LEVEL 1 ACQUISITION.**—The term “Level 1 acquisition” means—

(A) an acquisition by the Coast Guard—

(i) the estimated life-cycle costs of which exceed \$1,000,000,000; or

(ii) the estimated total acquisition costs of which exceed \$300,000,000; or

(B) any acquisition that the Chief Acquisition Officer of the Coast Guard determines to have a special interest—

(i) due to—

(I) the experimental or technically immature nature of the asset;

(II) the technological complexity of the asset;

(III) the commitment of resources; or

(IV) the nature of the capability or set of capabilities to be achieved; or

(ii) because such acquisition is a joint acquisition.

(5) **LEVEL 2 ACQUISITION.**—The term “Level 2 acquisition” means an acquisition by the Coast Guard—

(A) the estimated life-cycle costs of which are equal to or less than \$1,000,000,000, but greater than \$300,000,000; or

(B) the estimated total acquisition costs of which are equal to or less than \$300,000,000,¹ but greater than \$100,000,000.

(6) **LIFE-CYCLE COST.**—The term “life-cycle cost” means all costs for development, procurement, construction, and operations and support for a particular capability or asset, without regard to funding source or management control.

(7) **PROJECT OR PROGRAM MANAGER DEFINED.**—The term “project or program manager” means an individual designated—

(A) to develop, produce, and deploy a new asset to meet identified operational requirements; and

(B) to manage cost, schedule, and performance of the acquisition, project, or program.

(8) **SAFETY CONCERN.**—The term “safety concern” means any hazard associated with a capability or asset or a subsystem of a capability or asset that is likely to cause serious bodily injury or death to a typical Coast Guard user in testing, maintaining, repairing, or operating the capability, asset, or subsystem or any hazard associated with the capability, asset, or subsystem that is likely to cause major damage to the capability, asset, or subsystem during the course of its normal operation by a typical Coast Guard user.

(9) **DEVELOPMENTAL TEST AND EVALUATION.**—The term “developmental test and evaluation” means—

(A) the testing of a capability or asset and the subsystems of the capability or asset to determine whether they meet all contractual performance requirements, including technical performance requirements, supportability requirements, and interoperability requirements and related specifications; and

(B) the evaluation of the results of such testing.

(10) **OPERATIONAL TEST AND EVALUATION.**—The term “operational test and evaluation” means—

(A) the testing of a capability or asset and the subsystems of the capability or asset, under conditions similar to those in which the capability or asset and subsystems will actually be deployed, for the purpose of determining the effectiveness and suitability

¹ So in original.

of the capability or asset and subsystems for use by typical Coast Guard users to conduct those missions for which the capability or asset and subsystems are intended to be used; and

(B) the evaluation of the results of such testing.

(Added Pub. L. 111-281, title IV, § 402(a), Oct. 15, 2010, 124 Stat. 2948.)

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AMENDMENTS

2014—Pub. L. 113-281, title II, §§ 214(b)(2)(D), 216(b), 217(b), 218(b), 221(a)(2), Dec. 18, 2014, 128 Stat. 3034-3037, added items 662a, 679, and 680 and struck out items 651 "Annual report" and 657 "Dependent school children".

2012—Pub. L. 112-213, title II, §§ 212(b)(2), 213(c)(1), 214(b), 217(9), Dec. 20, 2012, 126 Stat. 1552, 1553, 1555, 1558, added items 656, 663, 669, 674, and 678 and struck out former items 656 "Use of moneys appropriated for acquisition, construction, and improvement; for research, development, test, and evaluation; and for the alteration of bridges over the navigable waters", 663 "Submission of plans to Congress", 669 "Telephone Installation and Charges", and 674 "Small boat station capability".

2010—Pub. L. 111-281, title IX, § 903(b)(2), Oct. 15, 2010, 124 Stat. 3011, inserted period at end of item 677.

2006—Pub. L. 109-241, title IX, § 901(b), July 11, 2006, 120 Stat. 564, amended Pub. L. 108-293, § 212(b), effective Aug. 9, 2004. See 2004 Amendment note below.

Pub. L. 109-241, title II, § 205(b), July 11, 2006, 120 Stat. 521, added item 677.

2004—Pub. L. 108-293, title II, § 212(b), Aug. 9, 2004, 118 Stat. 1037, as amended by Pub. L. 109-241, title IX, § 901(b), July 11, 2006, 120 Stat. 564, substituted "Long-term lease of special purpose facilities" for "Long-term lease authority for navigation and communications systems sites" in item 672.

Pub. L. 108-293, title II, § 205(e)(2), Aug. 9, 2004, 118 Stat. 1033, substituted "indemnity" for "immunity" in item 637.

2002—Pub. L. 107-296, title XVII, § 1704(f)(2), Nov. 25, 2002, 116 Stat. 2316, which directed the redesignation of item 673 "Small boat station rescue capability" as item 673a, could not be executed because of prior amendment by Pub. L. 107-295, § 405(c), see below.

Pub. L. 107-295, title IV, §§ 405(c), 417(b), Nov. 25, 2002, 116 Stat. 2116, 2123, added items 672a and 674 to 676, and struck out item 673 "Small boat station rescue capability" and former item 674 "Small boat station closures".

1996—Pub. L. 104-324, title III, § 309(b), Oct. 19, 1996, 110 Stat. 3919, added item 673 "Small boat station rescue capability" and item 674.

Pub. L. 104-201, div. A, title X, § 1009(a)(2)(B), Sept. 23, 1996, 110 Stat. 2634, added item 673 "Designation, powers, and accountability of deputy disbursing officials".

1993—Pub. L. 103-206, title III, §§ 302(b), 303(b), 304(b), Dec. 20, 1993, 107 Stat. 2423, 2424, added items 670, 671, and 672.

1992—Pub. L. 102-587, title V, §§ 5203(b), 5204(b), Nov. 4, 1992, 106 Stat. 5074, added items 645 and 669.

1990—Pub. L. 101-595, title III, §§ 306(b), 319(b), Nov. 16, 1990, 104 Stat. 2985, 2989, added items 667 and 668.

Pub. L. 101-510, div. A, title III, § 327(d)(2), Nov. 5, 1990, 104 Stat. 1532, added item 640.

1989—Pub. L. 101-225, title II, § 206(b), Dec. 12, 1989, 103 Stat. 1913, added item 666.

1988—Pub. L. 100-690, title VII, § 7401(b), Nov. 18, 1988, 102 Stat. 4483, substituted "immunity for firing at or into vessel" for "immunity of Coast Guard officer" in item 637.

Pub. L. 100-448, §§ 26(b), 29(b), Sept. 28, 1988, 102 Stat. 1848, 1849, added items 659 and 665.

1986—Pub. L. 99-509, title V, § 5102(a)(1), Oct. 21, 1986, 100 Stat. 1925, added item 664.

1982—Pub. L. 97-295, § 2(17), (19)(B), (20)(B), Oct. 12, 1982, 96 Stat. 1302, 1303, struck out items 645 and 659, and added items 661, 662, and 663.

¹ Another item 680 appears in the analysis for chapter 18 of this title.